



Supplier Audit Program

Module 4

Audit Performance



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Topics to be Covered

- **The Opening Meeting**
- **Audit Performance**
- **Responsibilities**
- **Caucus Meetings**
- **Audit Strategies & Methods**
- **Audit Questioning Techniques**
- **Interviewing Techniques**
- **Data Collection, Analysis and Detection Methods**
- **Document and Record Verification**



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The Opening Meeting

The performance of each audit can be broken down into the following sections:

- **The opening meeting**
- **Field work/interviews**
- **Conferences/briefings**
- **Exit meeting/draft report**



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The Opening Meeting

The team should arrive well prepared with the following *working papers* as a minimum:

Audit questions and guidelines.

- **The audit agenda.**
- **Pertinent documentation (quality manuals, contracts, standards, etc.).**
- **Supplies, forms checksheets.**
- **Phone numbers and POCs.**
- **Organizational chart and sampling plans.**



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The Opening Meeting

During the opening meeting the agenda is used as a guide for discussion and covers the following as a minimum:

- **Audit Purpose, Scope & Duration.**
- **Any changes from the original (sent as preliminary).**
- **The name, title and qualifications of audit team members.**
- **Applicable standards.**
- **Logistics (escorts, transportation).**
- **Any changes to checklist questions.**
- **Rating guidelines or other evaluation methods.**



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The Opening Meeting

- Attendance should include cognizant members of the auditee's organization and the local DCMC Representative.
- Although not required the highest ranking member of the auditee's organization should be invited.
- His/her support may increase cooperation of the other managers.
- Quality manager or quality supervisor should attend as a minimum.
- Key management representatives from audited areas and escorts should attend. Their attendance increases the audit efficiency by eliminating the need to repeat opening meeting items.



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Audit Performance

Generally consists of the following:

- **Questioning and interviewing (done in a central location, used to determine if stated procedures are being followed by direct interview).**
- **Field work investigation and verification (used to physically verify that the procedures stated are being followed by observing them in practice).**
- **Field work should be well planned to limit auditee disruption.**



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Responsibilities

Audit Team:

- **Wear appropriate safety PPE and attire.**
- **Lead auditor is responsible for performance of audit IAW audit program requirements and to ensure that the plan is carried out efficiently and effectively.**



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Responsibilities

Auditee Responsibilities:

- **Auditee management shall provide knowledgeable escorts.**
- **Escorts will provide cooperation and assistance during conduct of the audit.**
- **Provide a “home base” for conduct of audit.**
- **Validate the findings to ensure they are factual with objective evidence.**
- **Ensure that proprietary information is protected.**
- **Organize and facilitate audit performance.**
- **Act as company liaisons.**
- **Communicate important findings to management to prevent surprises, allow corrective actions to begin, help with validation.**



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Audit Strategies and Methods

- General Audit Strategies

- Not all areas can be thoroughly covered.
- Tackle key or questionable issues first and check for conformance or compliance.
- Modify audit schedule to allow additional time in these areas (can be done on the fly) or if agreeable extend the audit duration.
- Different Audit methods can be combined based on the environment, the time frame and availability of auditee personnel.



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Audit Questioning

Techniques

Most of the information obtained in an audit is through questioning.

- Checklists are used as a guide to allow flexibility.
- Determines not only compliance but adequacy of compliance.
- Questions should allow for discussion, not just yes or no answers (i.e. open ended).
- Tone should not be perceived as a prosecution cross-examination or interrogation.
- The auditor should attempt to reduce stress levels as quickly as possible.



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Interviewing Techniques

- Inform the individual or group of the purpose.
- They may be more helpful if they understand.
- Explain reason they were chosen.
- Helps to reduce fear and allows for more open discussion.
- Ask open ended questions which allow explanation.
- Probe for further explanation by interjection of responses such as “I see” or “yes”? With a questioning tone of voice.
- Maintain silence, folks may want to fill silences with further explanation.
- Paraphrase responses to check your understanding.



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Interviewing Techniques

Information obtained from interviews should be backed up when possible by independent physical sources, such as:

- **Documentation and records.**
- **Witness by the auditor.**
- **Sampling or measurement.**



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Interviewing Techniques

Individual Interviews

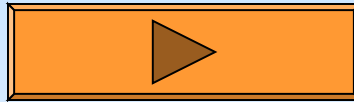
- Sometimes necessary to pursue a line of investigation.
- Should be private, away from supervision, production noise and other distractions.
- Used for further review of non-compliance.
- Should have escort present to prevent resentment or distrust.



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Complete Appropriate Checklist

EXAMPLE: a portion of a
“Checklist”



If an attribute is unsatisfactory initiate a
Corrective Action Request (CAR).



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The Audit Plan Shall be:

- Formal
- Well Documented
- Systematic
- Follow Prescribed Guidelines
- Clearly Defined Objectives And Purpose



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Audit Purpose

- Purpose Established Initially To Allow For Planning.
- Lead Auditor Clarifies the Purpose.
- Audit Plan Developed to Satisfy the Purpose.
- Established In A Statement.



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Audit Scope

- Client or Audit Authority Is Responsible for Defining the Scope of the Audit.
- Defines The Boundaries Of The Audit (Type and Depth).
- Established In A Statement.
- Crucial To Audit Planning.



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Audit Team Selection Criteria

- **Choose Audit Team Members With Lead Auditor Potential.**
- **Rotate Auditors**
 - **To Prevent Bias.**
 - **Get Fresh Perspective.**
 - **Compare Auditor Results.**



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Auditor Expertise

- **Training For Auditors Is Necessary.**
- **Knowledge Required In Subject Matter Of The Audit.**
- **Demonstrated By The Audit Report.**
- **Personnel Lacking Basic Auditing Skills:**
 - **Preconceived Opinions.**
 - **Personal Bias.**
 - **Less Factual Reports.**



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Audit Team Accountability

- **Auditors Must Be Independent Of Function Being Audited.**
- **Lead Auditor Responsibilities**
 - **Conduct Of The Audit Team.**
 - **Validity Of The Audit Report.**
- **Auditee Conduct**
 - **Facilitate Audit Process.**
 - **Ensure Factual Audit Report.**
 - **Respect Professionalism Of Auditors.**



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Auditing Costs/Benefits

- **Auditee Has Higher Costs Than Auditor.**
- **Investment By Both Organizations.**
- **Value Added If Audit Is Successful.**
 - **Reduced Scrap/Rework Rates.**
 - **Enhanced Productivity.**
 - **Customer satisfaction improves.**
 - **Cost Savings.**



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Compliance Costs

- Reactive Culture
 - Cost Of Correcting Noncompliance Are A Hardship.
 - Fighting Fires.
 - Dealing With Upset Customers.
- Pro-Active Culture
 - Prevent Problems.
 - Less Rework and Scrap.
 - More Satisfied Customers.

End of Presentation